
L. R. B. & M. JOURNAL

VOLUME 39

NUMBER 1

JANUARY-MARCH 1958

Coopers & Lybrand

Published by

LYBRAND, ROSS BROS. & MONTGOMERY

Certified Public Accountants

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Foreword

The flow of investment funds among the nations of the free world has been at a high level since World War II. This movement of capital has inevitably stimulated the requirement for world-wide professional accounting and auditing services, performed on the basis of reasonably uniform standards. These requirements have, in turn, pointed up the need for understanding the auditing, accounting and financial reporting practices in other countries, and of reconciling necessary local differences with the broader concepts of uniformity in auditing standards and professional competence.

Recognizing the need for such services by many of our clients with expanding foreign operations, we announced on January 2, 1957 the formation of the international firm of Coopers & Lybrand. Our initial partners in this organization were Cooper Brothers & Co. (United Kingdom) and McDonald, Currie & Co. (Canada), both of which firms have had extensive experience in international engagements. In the latter part of 1957 two other firms became partners in the international organization, namely, Despacho Roberto Casas Alatrisme in Mexico City, and Treuhand-Vereinigung, A. G. with nine offices in West Germany. Each of these firms is a

leader in the profession in its country. The firm of Coopers & Lybrand is prepared to examine and report upon financial statements of clients' branches and subsidiaries located in countries foreign to that of the parent company; such reports, if consolidated with that of the parent company, will be accepted by ourselves (for example) without specific reference thereto in our report upon the consolidated financial statements. The partners in the firm of Coopers & Lybrand will continue to practice under their own names in the United States, the United Kingdom, Canada, Mexico, and West Germany.

An important phase of the activities of Coopers & Lybrand is that of collecting and disseminating among its affiliated offices professional information as to generally accepted auditing standards and generally accepted accounting principles, to the end that clients may be assured that uniformly high standards of auditing procedures and practices are followed in each of the locations in which a client with foreign branches or subsidiaries operates. A further activity, expected to be of tangible benefit to our clients, is that of collecting and having available quite detailed information as to tax laws, government regulations,

and similar data useful to those engaged in business in countries foreign to them.

This issue of the JOURNAL contains a brief history of each of the firms

which initially joined to create Coopers & Lybrand. Articles giving the histories of the firms in Mexico and West Germany will appear in a future issue of the JOURNAL.

Cooper Brothers & Co. and Its Associated Firms

The First Fifty Years, 1854 - 1904

Emmanuel Cooper, the father of the brothers to whom the firm owes its name, was a Quaker and one of the founders of the London and County Bank, which has since been merged with the Westminster Bank Limited.

His eldest son, William Cooper, founded the firm in 1854 when he started to practice at 13 George Street, which still forms part of the main office block in London. Three of his brothers, Arthur, Francis and Ernest, joined him later and in due course became partners. The present title of Cooper Brothers & Co. was adopted in 1861 and it is believed that no other firm of accountants in the United Kingdom has practised for so long without a change of name.

The practice prospered from the start and soon became well-known and respected in the City of London. It also began to be known outside the country and the records show that by 1864 partners were going as far afield as Moscow and St. Petersburg.

In the earlier years bankruptcies, liquidations and receiverships provided most of the work, but as the limited company principle of business administration gained ground, encouraged by successive Companies Acts, auditing increased in importance.

By the end of the first fifty years of its existence, the foundations of the firm had been securely laid. Auditing had become the backbone of the practice and the firm was acting for many clients who have since become well known at home and abroad.

Arthur and Ernest Cooper played active parts in the formation, in 1880, of the Institute of Chartered Accountants in England and Wales, of which, in due course, each became President. The firm has always been represented by one or more of its partners on the Council of the Institute, of which the two senior partners, S. John Pears and Henry A. Benson are at present members.

The Next Forty Years, 1905 - 1945

During the next forty years further growth at home and expansion overseas received two major setbacks in the shape of the world wars of 1914-1918 and 1939-1945. Considerable progress was, however, made during the inter-war period, and this was reflected in the opening of offices in Liverpool—1920, on the Continent (Brussels—1921, Paris—1930), in the United States (New York—1926) and in Canada (Montreal—1936), and by the establishment in 1931 of the South African firm.

Further developments were rudely interrupted from 1939 to 1945, when most of the male staff disappeared either into the armed Forces or to serve in various Government departments where specialised accounting knowledge was required. These were trying years, not only for those in the Forces, but also for those who somehow managed to keep the firm going despite bombing and all that went with it, staff difficulties, and the

calls that home guard and fire watching duties made on their time and energy.

One cannot review this period without recording the loss which the firm suffered in 1923 when F. D'arcy Cooper was prevailed upon, with the goodwill of his partners, to accept the position of Vice-Chairman of Lever Brothers Limited, at the invitation of the Chairman, the first Lord Leverhulme, whom he succeeded as Chairman on the latter's death in 1925. While the firm thus lost an outstanding senior partner at the beginning of his career, its loss was a gain not only to Levers but to the whole commercial community. He rallied Levers through the difficult years from 1923 to 1926 and then went on to lay the foundations of the great organisation which is now known as Unilever Limited, and its sister concern, Unilever N.V. He was created a baronet in 1941, and died later that year at the age of 59.

Since 1945

These have been years of expansion at home and overseas.

UNITED KINGDOM

The growth of the United Kingdom firm since the war has been helped by the absorption of three old established firms—Alfred Tongue & Co., Aspell Dunn & Co.,

and Rattray Brothers, Alexander & France. Provincial offices are now established in Birmingham, Glasgow, Leicester, Liverpool, Manchester and Sheffield and the total strength of partners and staff is about five hundred.

The postwar expansion and the increased importance of such spe-

cialised work as taxation, investigations and management accounting has necessitated increased departmentalisation in our internal organisation. This applies particularly in London which is also called upon by the overseas firms for specialised advice and assistance. There are at present separate departments for taxation, investigations, management accounting and costing, registration, liquidation, executorship, and secretarial work.

Perhaps the most important of the postwar changes in the administration of the firm has been the issue and implementation of "the Manual." This consists of two volumes that set out the principles and procedures followed in our main activities, which are supplemented by a variety of check lists and memoranda on more specialised matters. These procedures are now followed throughout the overseas firms, subject to such modifications as have proved necessary to meet local circumstances. The Manual has proved invaluable as a means of helping to maintain the same standards throughout the growing organisation, and to give to our clients the uniformity of approach and quality of work which they expect.

While the Manual provides the technical skeleton of the organisation of firms, it is complemented in flesh and blood by the close personal links which are maintained between the members of the firms.

We, in London, enjoy a regular flow of visiting partners from overseas, and have the happiest memories of the months they have spent with us. Indeed they have often become so much one of the family that it has been difficult to realise that it may be several years before they visit us again from such distant parts as Australia or New Zealand. Similarly many of the partners and senior staff in London have paid frequent visits to the overseas firms, and have the pleasantest recollections of these tours and of the kindness with which they have always been looked after. Our Centenary Conference in 1954 brought representatives of all the overseas firms to London, and the various International Accounting Congresses in Europe are made the occasion for conferences of the partners attending them.

Other links are forged when staff of the overseas firms are seconded to the United Kingdom to broaden their experience, or when they spend six or nine months with us in London before going out to join one of the firms overseas. At the time of writing we have twenty-five men with us in these two categories, and we look forward to hearing their impressions of the London office at the special dinner which we hold for them each year.

The members of the overseas firms who are with us or happen to be in Europe on holiday, and men who are temporarily attached to the

United Kingdom firm are always welcome at our various annual functions such as the annual dinner, the golf competition, and the cricket match, and can always be relied upon for useful contributions at our three-day conferences which we hold at Ashridge, a country house near London.

The Coopers Journal which is at present published annually also helps to keep us all in touch with what is happening in the rest of the organisation.

OVERSEAS

The postwar development overseas has been so widespread that it is best to consider it separately under the main geographical areas—The Continent, Africa, New Zealand and Asia. A separate article recounts the history of McDonald, Currie & Co. in Canada.

THE CONTINENT

The Brussels and Paris offices, which were opened in 1921 and 1930, respectively, were necessarily closed during the 1939–1945 war and the staff were fortunate in being able to escape when Belgium and France were overrun by the Germans.

The Brussels office was re-opened in 1945 immediately after the end of the war. Since then the Continental firm has continued to expand and now has offices in Brussels and Antwerp in Belgium, in Rotterdam in Holland and in Paris, with a total strength of about fifty.

AFRICA

The great development in Africa, where there are now twenty-two offices and over two hundred and seventy partners and staff, falls under the headings of the continued expansion of the South African firm, and the establishment of firms in East Africa, in Central Africa and in West Africa. In addition the Continental firm has opened an office in Elizabethville in the Belgian Congo.

SOUTH AFRICA

The firm's connection with South Africa dates back to before the Boer War, but despite its many interests in the Union it was not until 1931 that a practice was established there through a merger of our interest with those of two local firms.

The story has been one of steady growth with the exception of the war period. The firm is now over eighty strong, and has offices at Johannesburg, Durban, East London and Port Elizabeth, and in Vereeniging and Virginia, and in Capetown where we amalgamated with R. G. Welsh in 1950.

EAST AFRICA

This firm was established in 1947 through an amalgamation of our interests with those of Leslie Strachan & Co. and McGregor Seex & Co. It has grown rapidly and is now about one hundred and thirty strong with offices in Nairobi and Mombasa in Kenya, in Kampala

and Jinja in Uganda, and in Dar es Salaam, Arusha and Moshi in Tanganyika.

Dar es Salaam, the capital of Tanganyika, perhaps deserves special mention in view of the mirth which its name seems to produce across the Atlantic. Dar es Salaam actually means "Haven of Rest," but any of the twenty-five members of this office will point out that it is nothing of the sort. In fact it has a varied and interesting practice, one of its clients being the Tanganyika Agricultural Corporation, which took over from the Overseas Food Corporation what remained of the ill-fated "Ground-nuts Scheme."

CENTRAL AFRICA

This firm was established in 1947 with offices in Salisbury and Bulawayo, when we amalgamated our interest in Southern Rhodesia with Hockey, King & Hockey. It has continued to grow, and now has over sixty partners and staff and offices in Salisbury, Bulawayo and Gwelo in Southern Rhodesia, and in Kitwe, Lusaka and Ndola in Northern Rhodesia.

WEST AFRICA

An office was opened in Lagos, the capital of Nigeria, in 1953, and has grown to sixteen partners and staff. While this firm is primarily concerned with a growing volume of work in Nigeria, regular visits are made to Ghana (formerly the Gold Coast) and the Trust Territory of

the Cameroons. Nigeria, with a population of over 30,000,000, is the largest British colonial territory and has been developing rapidly in recent years.

AUSTRALIA

Arrangements for representation in Australia were first made in 1933 when H. B. Allard, Way & Hardie became our representatives there.

The postwar development began in 1948 when our interests in Australia were amalgamated with those of Allard, Way & Hardie, and also with Smith & Goyder of Perth, and Walter E. Savage & Co. of Brisbane. This was followed in 1952 by the amalgamation of Gourlay & Cust with the Melbourne firm.

The Australian firms now have twenty-five partners and over one hundred and fifty staff, and their offices in Adelaide, Brisbane, Canberra, Melbourne, Newcastle, Perth, Sydney and Wollongong, provide a network effectively covering the whole Commonwealth.

NEW ZEALAND

In 1948 we amalgamated our interests with the leading firm of Barr, Burgess & Stewart, whose foundation dates back to 1870.

Since then the firm has continued to grow and has opened two new offices. It now has offices in Auckland, Christchurch, Dunedin, Palmerston North and Wellington, and over eighty partners and staff.

ASIA

We have recently merged our interests in Singapore with Gattey & Bateman with whom we have been associated for many years, and Lowe Bingham & Matthews. There are four partners and about thirty staff in Singapore.

CONCLUSION

The postwar years have been strenuous ones, but during this period an organisation of associated firms has been established, which is linked by close personal associations

and works to the same principles and standards. It now numbers one hundred and forty-five partners and nearly one thousand three hundred staff and has sixty-one offices in the following areas:

United Kingdom	7
The Continent of Europe	4
South Africa	7
East Africa	7
Central Africa and the Belgian Congo	7
West Africa.	1
Australia	8
New Zealand	5
Asia	1
Canada	15

McDonald, Currie & Co.

The firm can be said to have originated with John McDonald who practised as an accountant in Montreal from 1867 until his death in 1904. He was one of the founders in 1880 of the Association of Accountants in Montreal, the first formally organized body of professional accountants in North America.

His son, George Cross McDonald, qualified as a chartered accountant in 1909 and started his own practice the following year. At that time his cousin, George Selkirk Currie, joined him and after qualifying became his partner. Both these men are graduates of McGill University and their interest in McGill, and that of their associates, has been maintained to the present time. Over the years the firm has been represented on the board of governors, the graduates society and other university organ-

izations, and on the faculty as lecturers in accounting and allied subjects. Professionally the association has been rewarding. Some of the firm's oldest clients were friends of the partners in their undergraduate days.

On the outbreak of World War I, both George McDonald and George Currie joined the McGill Contingent of the Canadian Officers' Training Corps. Shortly thereafter, when Mr. McDonald recruited a company for the Princess Patricia's Canadian Light Infantry and proceeded overseas with George Currie as one of his officers, the firm closed its doors. Several members of the staff had also enlisted and for the next four years the work of the firm was administered by another firm of chartered accountants.

Upon their return after the war

the partners found active and stimulating conditions. The affairs of their clients had expanded; the introduction of profits taxes and personal income taxes presented new problems for the professional accountant. The demands of expansion were satisfied largely by friends from the services, some of whom entered the firm immediately and others upon completion of their interrupted university careers.

Aside from regular audit work, the period of the early twenties was marked by a number of interesting assignments. One of these, an investigation of a large firm of stock brokers resulting in the court prosecution of senior officials of a Canadian bank, led indirectly to the appointment of George McDonald as auditor of the Bank of Montreal. This position has remained with the firm and is presently held by George Currie.

Following the first World War the firm expanded steadily in pace with business generally and the activity of the stock market in particular. The violent reaction at the advent of the depression produced increased activity in the form of bankruptcies, business reorganizations and government enquiries.

During the depression members of the firm served on a number of federal and provincial government investigating commissions and at one time almost the entire staff was engaged on a federal price spreads investigation.

The six years of World War II, from 1939 to 1945, resulted in unprecedented expansion in public accounting work in common with business generally. Although during this period the strength of the firm increased from 89 to 153, the withdrawal of 80 partners and experienced personnel for war service put a tremendous strain on the firm to cope with this increased business activity as well as submissions to government on behalf of clients in connection with standard profits, war contracts and similar problems.

At that time the firm had offices outside Montreal in Quebec City, opened in 1922; Ottawa, 1934; Toronto, 1935; Sherbrooke, 1941; and Saint John, 1943. Since the war the following offices have been opened:

Vancouver.....(1948)	Rimouski..(1954)
Hamilton.....(1950)	Kitchener..(1955)
Charlottetown.(1950)	Winnipeg..(1955)
Edmonton.....(1952)	Calgary....(1956)
Halifax.....(1957)	

George McDonald, after forty-five years of practice, retired in 1955 to the comparative and well deserved leisure of a consulting partner although he still retains a keen interest in the affairs of the firm. George Currie has recently asked to be relieved of his executive and administrative responsibilities in the firm but he is still available for consultation and advice and is devoting a substantial amount of time to two or three large clients.

The postwar years have seen the development in the firm of several features designed to meet certain needs of the expanded and widely scattered firm and to provide the specialized service demanded by its clients.

From 1943 until 1956 some 100 partners and other qualified personnel met annually for a three-day conference at the Hermitage Country Club, Lake Memphremagog, Quebec, for the purpose of hearing and discussing papers on professional and educational subjects. In 1957, prompted in part by need for greater accommodation, the plan was altered somewhat and now the partners meet annually at the Seignior Club, Montebello, Quebec, where they are joined by their wives. Conferences are still conducted at the Hermitage Club for qualified members of the staff in the east and similar meetings are planned for offices in Western Canada.

Shortly after the war a management consulting and systems department was set up in the Montreal office. Although this department was busy from its inception it was found that certain phases of some clients' problems did not fall within the scope of a firm of professional accountants. Accordingly, in 1955 an association was formed with a highly regarded British firm of management consultants. This separate but allied organization is progressing successfully under the name of Urwick, Currie Limited.

Recognition of the need for specialists to interpret the ramifications of tax legislation prompted the organization of tax departments in Montreal and Toronto. Aside from dealing with the major tax problems of clients, the department issues a monthly Tax News for distribution to clients and members of the staff. This contains commentaries on current legislation, implications of court and Tax Appeal Board decisions and practice notes.

On 1st April 1948 an agreement was entered into with Cooper Brothers & Co. which had been practising in Canada for some years from an office in Montreal. Under this arrangement a new firm, Cooper Brothers & Co., was formed in which all partners of McDonald, Currie & Co. became members with three partners of Cooper Brothers & Co. of London. Under the administration of McDonald, Currie & Co., the two firms carry on their practices from the various offices across Canada. With the flow of British capital into Canada since the war, the results of the connection have been gratifying and professionally the exchange of information and ideas has been beneficial and stimulating.

It has been a policy of the firm to encourage its members to participate in the affairs of the various Institutes as well as in matters of public interest. The firm has provided two presidents of the Canadian Institute of Chartered Account-

ants and nine presidents of provincial institutes. Local boards of trade as well as several organizations national in scope have drawn presidents from the firm and three of the firm's partners participated in the formation of the Canadian Tax Foundation in 1947.

The numerical strength of the firm now stands at 450 including 54 partners and 15 offices are maintained in the principal Canadian cities from Halifax, N. S., on the east coast to Vancouver, B. C., on the west.

Lybrand, Ross Bros. & Montgomery

FOREWORD: January 1, 1958 marked the sixtieth anniversary of the founding of the firm of Lybrand, Ross Bros. & Montgomery. During those sixty years the firm has grown from a very small organization to one that is now international in its scope and activities. The story of the firm, its growth, and its share in the development of the accounting profession in the United States, follows:

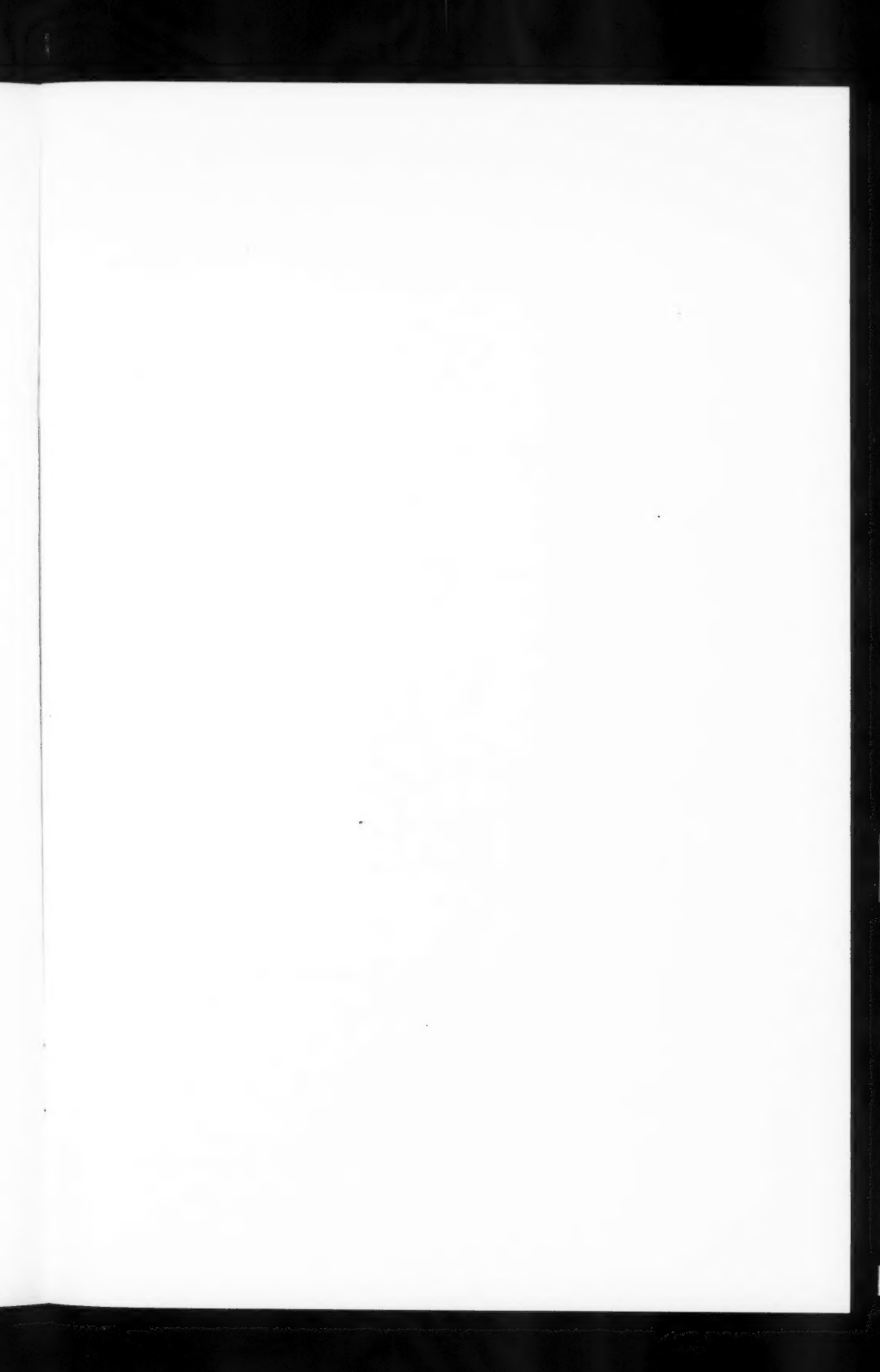
Near the close of the nineteenth century, life in the United States was undergoing rapid change. Economic changes were exemplified by the beginning of the growth of "big business," which in turn had a marked effect on American political and social life. It was during this period of time that the four young men who founded the firm of Lybrand, Ross Bros. & Montgomery were receiving their training in a profession that was still in its infancy.

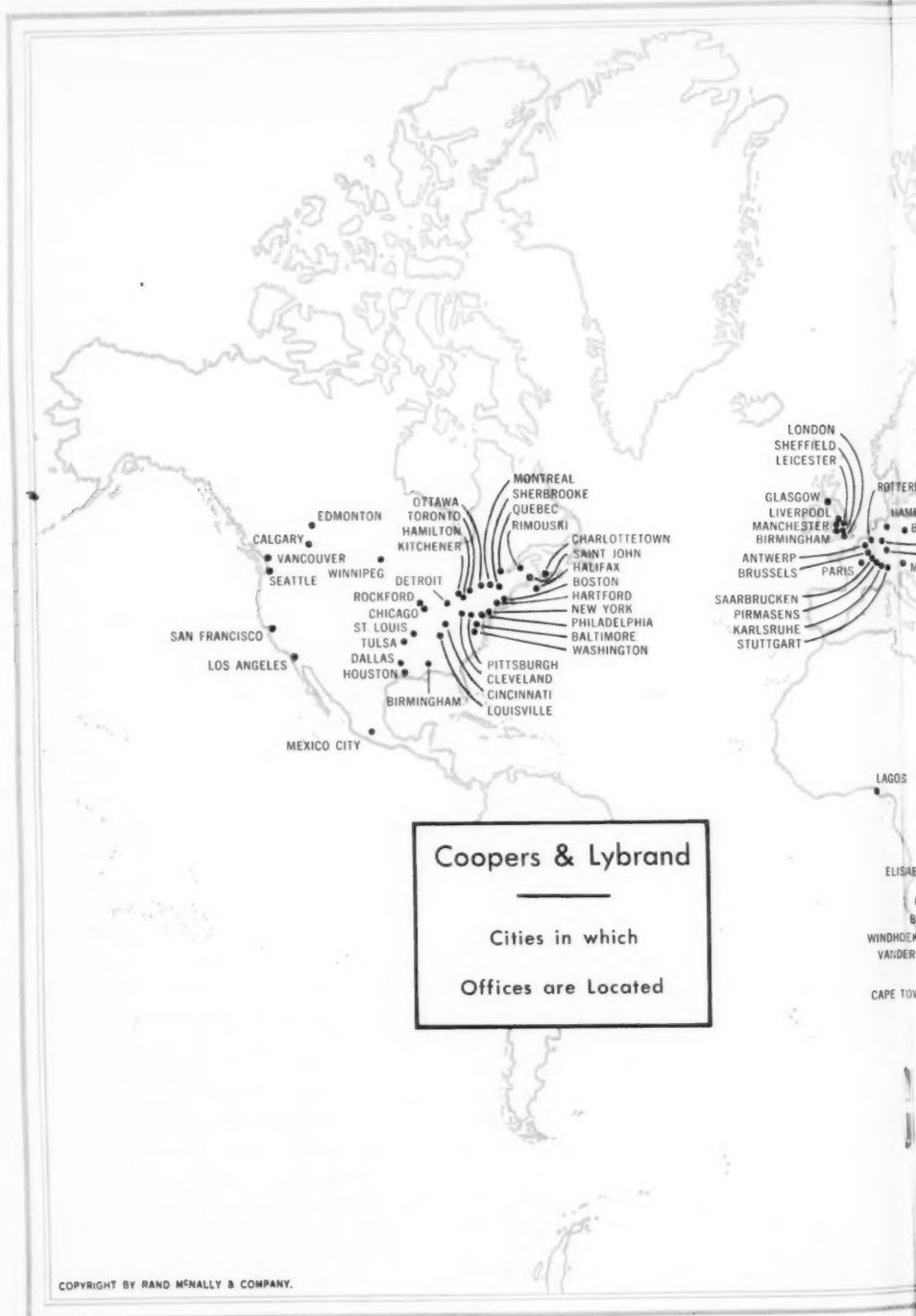
These men, William M. Lybrand, T. Edward Ross, Adam A. Ross and Robert H. Montgomery, began their careers in public accounting in the office of John Heins of Philadelphia. Mr. Heins, a pioneer in the profession, was a strict disciplinarian; under his rigid supervision the young men developed rapidly and later all were admitted to partner-

ship in the firm of Heins, Lybrand & Co. As business in general and its related problems became more complex, additional responsibilities were placed upon the members of the accounting profession, and during their association with Mr. Heins, the four men gained experience in practically all lines of industry and finance.

However, they were determined to stand on their own, and on January 1, 1898 established the firm of Lybrand, Ross Bros. & Montgomery in Philadelphia. The new firm started in two small rooms of a new building, one room for the partners and one for the staff. The staff consisted of Joseph M. Pugh, who was admitted to the partnership several years later, and one clerical assistant.

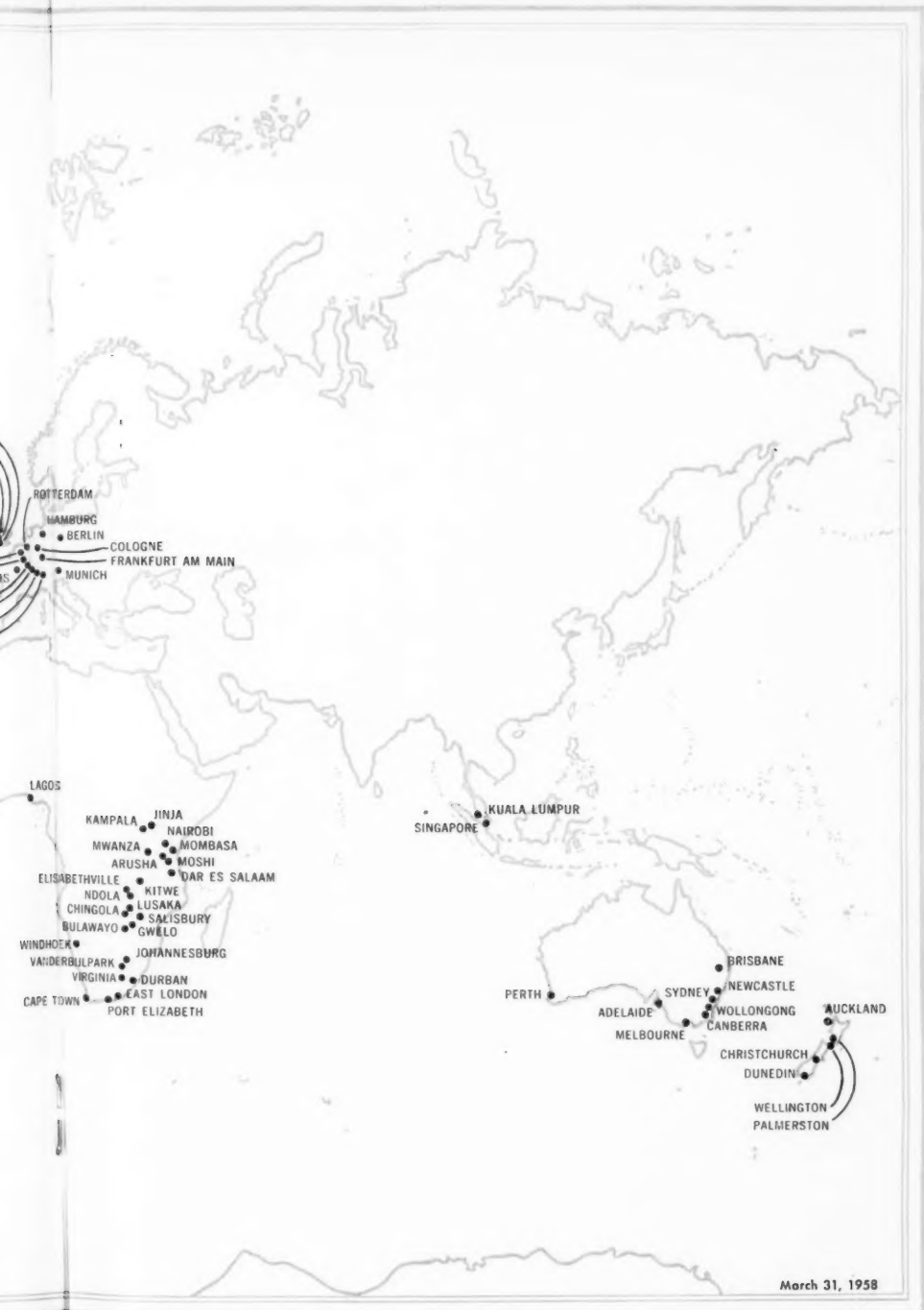
During the first few months of the firm's existence, engagements





Coopers & Lybrand

Cities in which
Offices are Located



March 31, 1958

were not numerous, but the further growth of the economy following the Spanish-American War brought an expansion of the firm's activities, and within two years it was necessary to take larger quarters.

It had become necessary to undertake work, with increasing frequency, in New York City, and it was decided that the firm should be represented in that city. Robert Montgomery went there in September, 1902 to establish an office, serving as partner and staff.

Although there were months when the gross earnings were less than the rent, Mr. Montgomery had the utmost confidence in the ultimate success of the new venture. The quality of the services being rendered soon attracted the notice of bankers and businessmen and the New York office grew steadily.

Within a few years the firm began looking to other areas which were being serviced by Philadelphia and New York. In 1908, an office in Pittsburgh was opened, and in the following year the first midwest office, in Chicago, was started. Other offices followed: Boston in 1915; Washington, D. C. in 1919; Detroit in 1920; Cleveland and Cincinnati in 1923; and Baltimore in 1924.

The national growth of the firm's practice made it necessary to be represented on the west coast. In 1920 an office was opened in Seattle and in 1924 offices were established in San Francisco and Los Angeles.

Other offices in the United States were opened from time to time, and the firm now has 21, seven in the east (Baltimore, Boston, Hartford, New York, Philadelphia, Pittsburgh and Washington, D. C.); seven in the midwest (Chicago, Cincinnati, Cleveland, Detroit, Louisville, Rockford and St. Louis); one in the south (Birmingham); three in the southwest (Dallas, Houston and Tulsa); and three in the far west (Los Angeles, San Francisco and Seattle).

As American investments in Great Britain and on the Continent increased, the firm established European connections to serve the interests of clients with plants and branch offices in Europe. Following the first World War, it was expected that the interests of our clients in central Europe would be expanded and, to provide direct contact with its clients abroad, the firm established an office in Berlin in 1924. Foreign activities were further extended by the opening of offices in Paris in 1926 and in London in 1929. The Paris and London offices survived the hardships of World War II but the Berlin office, which was closed in 1938, was never reopened. The tremendous increase in American investments abroad since the war, not only in Europe, but throughout the entire world, was the motivating influence leading to the formation of the international firm of Coopers & Lybrand.

The practice of the firm includes engagements for clients of various

size, ranging from small corporations, partnerships and individual proprietorships to some of the largest business organizations, including American Telephone and Telegraph Company, reputedly the largest publicly-owned corporation in the world. Numbered among clients are leading companies in many major industries, including aluminum, automobile manufacturing, aviation, building materials and construction, chemicals and pharmaceuticals, food processing, life insurance, machinery manufacturing, metal mining and manufacturing, oil, paper, public utilities, radio and television, retail stores, rubber, textiles, tobacco and watch manufacturing. Original issues of securities of clients of the firm filed with the Securities and Exchange Commission during 1957 aggregated about two and one quarter billion dollars. Many philanthropic organizations, colleges and universities, trade associations and governmental agencies are also clients.

The firm's prominence in the field of taxation is well recognized. Since the adoption of the first federal income tax law, books written on the subject by members of the firm have gained a wide reputation and have added to the prestige of the firm. Each of the domestic offices has a tax department to advise clients on tax accounting problems, prepare tax returns and represent clients in administrative proceedings with the revenue authorities.

In addition to auditing and tax services, the firm renders management services in a field which is of growing importance. Since World War II the factors of steady inflation, increasing competition and the generally increased volume and rate of operations have led many companies to seek outside professional advice and assistance in problems of industrial and commercial management, with a view to more efficient operations.

The more frequently encountered areas in which the firm has rendered management service include organization, reports to management, return on investment, accounting manuals, inventory control property, plant and equipment records, budgeting, cost accounting, cost analysis, office operations, office equipment and the like. In recent years assistance to clients in the areas of mechanization of data processing operations and the application of electronic equipment to accounting tasks has assumed important proportions.

As management service work has expanded, staff members with audit experience have been given extensive advanced and specialized training in the problems of managerial accounting. This training has taken various forms, including courses conducted by the firm's own experienced consultants, cooperative arrangements with universities, attendance at training sessions of equipment manufacturers, attendance at pro-

fessional conferences and guided reading from the firm's library.

From time to time, members of the firm have been called upon to serve in various advisory capacities for the federal government and notable services have been performed in connection with accounting and tax matters.

The death of Adam Ross in 1929 marked the first break in the long and happy companionship of the firm's founders. The second break came with the death of Col. Montgomery in 1953.

At the time the four men formed their own firm, they faced a difficult task. The public accounting profession in America was in its infancy in the 1890's. Much of the public accountants' work consisted of detailed audits undertaken for the primary purpose of detecting suspected fraud or of acting as a preventive to irregularities. The accountant was not called in, as a rule, until some evidence of wrongdoing had been discovered; he occasionally might be retained thereafter to make audits at periodic intervals as a precautionary measure. Auditing work of this nature was not without its usefulness, but its value was limited. Such examinations were often regarded by the client as a nuisance, necessary but undesired. They were not welcomed by the client's staff, because they were carried on in an atmosphere of suspicion, and were usually thought to be most effective when the largest

number of discrepancies, however unimportant, was found.

The number of men in practice as public accountants in America at this time was very small. In the 1890's it was impossible for a young man or woman to secure a thorough and satisfactory preliminary education and training in accounting. There were no professional associations or state bodies conducting examinations, there were no accounting schools or colleges, there was no technical literature and there were few offices in which a sound practical experience could be gained.

The contrast of conditions then and now is self-evident. It may be of interest to trace the contributions of the members of the firm of Lybrand, Ross Bros. & Montgomery in the various fields mentioned above.

PROFESSIONAL ASSOCIATIONS

The American Association of Public Accountants, the first national society of accountants, had been formed in December, 1886. In 1897, the Pennsylvania Association of Public Accountants was organized, and the four founders of the firm were charter members, William M. Lybrand being elected its Treasurer. Mr. Lybrand later served as President of the Association (its name has subsequently been changed to Pennsylvania Institute of Certified Public Accountants); Adam A. Ross, T. Edward Ross and

Joseph M. Pugh each served as both Secretary and President. In later years, younger members of the firm have become active in the affairs of the Pennsylvania Institute and have served in various offices, including the Presidency.

Members of the various state societies joined together in 1902 to form The Federation of Societies of Public Accountants. Robert H. Montgomery was a delegate from Pennsylvania, was elected its first Treasurer, and served as Secretary in 1904. He also served as a representative from the Federation in the merger with the old American Association in 1905, and as President of the newly founded Association in 1912 and 1913.

The American Association was reorganized in 1916 and became the American Institute of Accountants (now the American Institute of Certified Public Accountants). Robert H. Montgomery served as President in 1936 and 1937; during his tenure, merger was consummated with the American Society of Certified Public Accountants, which had been formed in 1921. Another member of the firm, Alvin R. Jennings, currently is President of the Institute. Over the years other members of the firm have been elected to various offices (five as vice-president) and have served as chairmen and members of committees, including such important and influential committees as the Executive Committee and the Committees

on Accounting Procedure, on Auditing Procedure, and on Federal Taxation.

Members of the firm have taken a keen interest in the National Association of Accountants (formerly the National Association of Cost Accountants) since its formation in 1919. William M. Lybrand was a charter member and served as First Vice-President, as President for two terms, and as a Director. Several other partners have been elected President, Vice-President and Directors of this national organization. In 1949, the partners of the firm established an Annual Lybrand Manuscript Awards Competition in honor of Mr. Lybrand's many years of service in furthering the aims of the organization. The Awards, consisting of a Gold Medal, a Silver Medal, and twenty-five Certificates of Merit, are made to authors of outstanding articles in the field of cost accounting literature.

In 1950, Robert H. Montgomery was signally honored by being one of the first three men to be named to the roll of honor of the Accounting Hall of Fame established at Ohio State University.

In October, 1953, recognition was given to Mark E. Richardson, a partner of the firm, when the American Institute presented to him an Award for outstanding service to the accounting profession and for his achievements in the field of federal taxation.

Donald P. Perry, another partner

of the firm, served from 1952 until his death in 1957 as chairman of the Commission on Standards of Education and Experience for Certified Public Accountants. Its report, published in August, 1956, is expected to have an important influence on standards of training for the accounting profession in the United States. At the annual meeting of the American Institute in October, 1957, an Award was given to Mr. Perry for outstanding service to the accounting profession in raising its educational standards.

Various members of the firm have also served as presidents or other officers, directors and chairmen and members of committees of many state societies, and the list is far too long to enumerate here. As an example of the firm's service to state and national societies, suffice it to say that at present over 100 partners and staff members are serving either as officers or on committees of the various professional societies.

ACCOUNTING EDUCATION AND STAFF TRAINING

As already stated, prior to 1900 there were no schools at the collegiate level offering accounting courses. Staff members were selected from men employed as bookkeepers or, occasionally, from young men who had attended a business school where bookkeeping and general business subjects were taught.

Evening classes for the training of accountants were begun by The

New York State Society of Certified Public Accountants in 1901. In September, 1902 the Pennsylvania Institute initiated a similar program in the Philadelphia office of the firm under the supervision of a committee of which Adam Ross was a member. The school consisted of nineteen students and a faculty of four. William Lybrand taught Practical Accounting and Robert Montgomery taught Theory of Accounts. The other subjects were Auditing and Commercial Law. It should be noted that throughout the years these have been the subjects comprising the examination which must be successfully completed to obtain a CPA certificate.

Classes were continued under the supervision of the Pennsylvania Institute until 1904, at which time they were taken over by the Wharton School of the University of Pennsylvania. Robert Montgomery continued teaching in the evening classes at the University of Pennsylvania and, in 1910, after his move to New York, assumed the task of teaching the first evening course in accounting at Columbia University. In 1915 he was appointed Assistant Professor of Economics and in 1919 a full Professor of Accounting. In 1926 he donated to Columbia his collection of old and rare accounting books, some of the volumes dating from the fifteenth century.

In 1955 Donald P. Perry was appointed to deliver the Dickinson

Lectures at the Harvard Graduate School of Business Administration. These lectures are one of the major activities of a Foundation established in memory of Sir Arthur Lowes Dickinson and are delivered each year by a man outstanding in accounting and in fields directly related to accounting. Mr. Perry was the second member of the firm to be so honored; the late Walter A. Staub delivered the Dickinson Lectures in 1941.

Other members of the firm have conducted classes or lectured at many other colleges and universities throughout the country, including Boston University, Dartmouth College, Temple University, Stanford University, New York University, University of Michigan, and University of Georgia.

Training classes within the firm for newly-employed staff members began in 1916 and are held each year. The curriculum has been developed over a number of years and is especially designed for the group annually selected from graduates of the accounting schools of many of the principal universities. Classes are presently conducted at one of the eastern universities, and new staff members from all offices of the firm live on the campus while participating in the training classes. Approximately 150 men attended this training course in the summer of 1957. The group attends full daytime classes for four weeks in late summer and receives an ad-

vanced course for two weeks in the following spring after the members have had several months of practical experience. In addition, extra sessions, devoted to the study of corporate income taxes, are held in the fall and spring.

The subjects covered in the summer course emphasize auditing practice and working paper preparations while, in the spring course, they include preparation of reports and tax returns as well as a review of auditing procedures in the light of the experience gained over the winter. The courses include lectures by the instructors, who are selected from staff members well qualified for teaching, the working of a complete audit practice set, talks by partners, staff members and the students themselves, and the working of problems taken from CPA examinations.

After staff members complete the training classes their education is continued by the firm. Special classes or other opportunities for learning are offered in such areas as taxation, management services, report writing, and public speaking.

For a number of years the firm has held annual regional meetings, one in the east, one in the midwest, and one in the far west. These meetings, which are attended by all supervisors and a large number of partners, were instituted as part of a program of training at upper staff levels and to provide the opportunity presented for the exchange of ideas

among the personnel of the various offices. Matters of current interest are discussed, including the activities of the American Institute Committees on Accounting Procedure and Auditing Procedure, improvements in auditing techniques, and management services. The tax and management services personnel of the various offices also meet annually for a discussion of problems of interest to these specialists.

ACCOUNTING LITERATURE

One of the most influential factors in the advance of the profession during the past sixty years has been the growth of a professional literature adapted to the special conditions of American business. In 1900, American literature devoted to accounting was non-existent, and the American accountant turned to Great Britain to obtain in published form information that would aid him in meeting the problems of his constantly developing profession. The few American books were, almost without exception, devoted to the simpler problems of book-keeping.

One of the standard English works on accounting which was popular in the United States was "Auditing: A Practical Manual for Auditors" by Lawrence R. Dicksee, one of the foremost English accountants. When Robert H. Montgomery made an arrangement with Professor Dicksee to publish an American edition of this work, with the text

adapted to American conditions and with the omission of statutes and other matter relating solely to British practice, it was one of the important steps in the history of the accounting profession. The publication of this volume in 1905 marked the virtual beginning of an American accounting literature.

Seven years later, in 1912, Robert H. Montgomery's own book "Auditing: Theory and Practice" was published. Eight editions of this book have been published to date, the last edition (now entitled "Montgomery's Auditing") having come out in 1957. Since its original publication in 1912, "Auditing" has maintained its position as a leading authority in the field of accounting and auditing.

On October 3, 1913, the act imposing a federal income tax was adopted. Two months later, there was published the first authoritative book on the new law, Walter A. Staub's "Income Tax Guide." In 1917, the first of the many editions of Montgomery's "Income Tax Procedure" was published and the 36th edition entitled "Montgomery's Taxes" was published in 1955. In 1935, the first of several editions of "Federal Taxes on Estates, Trusts and Gifts" was published. These books on federal taxes have received wide acceptance and have been quoted by the courts in many instances in support of their opinions, primarily because of their clear interpretation of the various Reve-

nue Laws. In addition, the subject of state taxation has been covered in a number of books written by members of the firm.

Books written by other members of the firm include "Budgeting" by Prior Sinclair, published in 1934, and a new book on this subject is now in preparation by Herman Heiser. "Retail Merchandise Accounting," by Hermon F. Bell, was published in 1936, with a revised edition issued in 1956. Walter A. Staub was a co-author of "Wills, Executors and Trustees," a book published in 1933 for both lawyers and accountants on this specialized subject. Walter R. Staub was a co-author of the revised edition of this book, published in 1950. Louis H. Rappaport's book "SEC Accounting Practice and Procedure," published in 1956, was the first comprehensive book written for practitioners before the Securities and Exchange Commission, the United States Government agency which has the responsibility of regulating public offering and subsequent trading of securities.

In addition to these books, members of the firm and staff have contributed many articles to various magazines on accounting and related subjects, and copies of technical papers have regularly appeared in yearbooks and records of proceedings of accounting societies and congresses.

The first edition of *The Journal of Accountancy* published by the Amer-

ican Institute of Certified Public Accountants appeared in November, 1905 and included not only a favorable review of the American edition of Dicksee's "Auditing" but an article by Robert H. Montgomery entitled "Professional Standards." This article has served as a forerunner of present-day rules of professional conduct. Since that time, partners and staff members have been frequent contributors to the *Journal*, to the various state society periodicals, and many other publications.

In January, 1920, the first edition of the *L. R. B. & M. Journal* was published and it has appeared regularly since that date. At the present time it is published four times a year. It contains articles by staff members and partners, and serves as a chronicle of current events of special interest. Requests from public libraries, universities and other outside sources for copies have testified to its wide recognition and usefulness. Special editions to mark anniversaries have been issued from time to time. Recent issues of the *Journal* have been devoted to such matters of current interest as new revenue acts and regulations, electronic computers, and the independent auditor and internal control. A "Tax Supplement" to the *Journal* is also issued monthly, the primary purpose of which is to bring to the attention of business executives ideas or suggestions as to tax saving possibilities.

The firm has always been interested in encouraging the writing of articles on accounting matters by staff members. Beginning in the year 1949, cash prizes were awarded for the best and second-best articles on accountancy or related subjects written by staff members and published in *The Journal of Accountancy* and the *L. R. B. & M. Journal* each year. In 1956, additional prizes were added for articles written by staff members and published in the *N. A. A. Bulletin*, the official publication of the National Association of Accountants. These prizes have served further to stimulate the already high interest of the staff in the field of accounting literature.

RECENT DEVELOPMENTS

The growth of the firm during the last sixty years has been essentially growth within our own organization. However, within the past few months, the practices of four other firms were merged into our own.

We are pleased to welcome as partners the following who practiced in a similar capacity in their respective firms:

New York LOOMIS, SUFFERN & FERNALD
HENRY B. FERNALD
W. HOMER CONKLING
JOHN LEIGHTON
CHARLES H. TOWNS

Chicago CHESNUTT, MURPHY & POOLE
FLAY L. MURPHY

Los Angeles THOMAS & MOORE
HARRY W. MOORE

Tulsa . . . NICHOLSON, REYBURN & COMPANY
HAROLD O. REYBURN

CONCLUSION

In an article such as this it has been possible to give only the highlights covering the founding of the firm, its growth and its share in the development of the accounting profession in the United States. The record covering the past is one of which we are proud, and we are confident that the record to be written for future years will be equally notable.

The L. R. B. & M. Journal

Published by Lybrand, Ross Bros. & Montgomery, for distribution to members and employees of the firm.

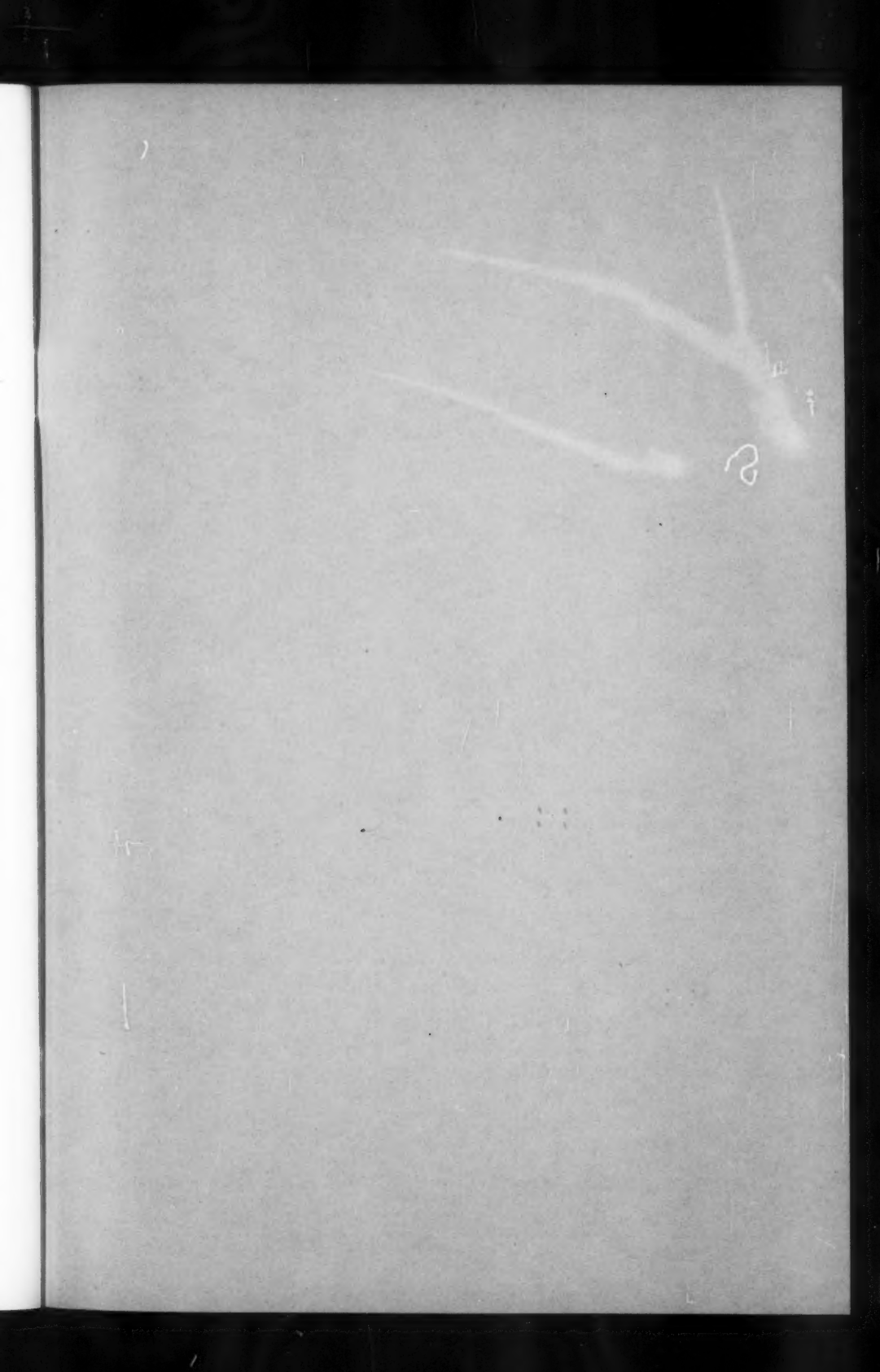
The purpose of this journal is to communicate to every member of the staff and office plans and accomplishments of the firm; to provide a medium for the exchange of suggestions and ideas for improvements; to encourage and maintain a proper spirit of cooperation and interest, and to help in the solution of common problems.

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